



Date: 10 March 2009

THE WEIR GROUP PLC PRELIMINARY RESULTS 2008
Results for 52 weeks ended 26 December 2008**HIGHLIGHTS**

- Revenue up 34% to £1,354m (2007: £1,009m)
- Operating Profit² up 58% to £185.0m (2007: £116.9m)
- Earnings per share² up 49% to 59.3p (2007: 39.7p)
- Dividend increase of 12% to 18.5p (2007: 16.5p)
- Cash generated from operations up £70.9m to £214.4m (2007: £143.5m)
- £55m exceptional profit on disposal of non-core businesses

	2008	2007	Change
Continuing Operations			
Order input ¹	£1,439m	£1,110m	+30%
Revenue	£1,354m	£1,009m	+34%
Operating profit ²	£185.0m	£116.9m	+58%
Profit before tax ²	£176.2m	£115.0m	+53%
Earnings per share ²	59.3p	39.7p	+49%
Dividend per share	18.5p	16.5p	+12%
Net debt	£239.9m	£171.3m	

¹ 2007 restated at 2008 average exchange rates² Adjusted to exclude intangibles amortisation. Reported operating profit, profit before tax and earnings per share were £168.3m (2007: £110.9m); £159.5m (2007: £109m) and 53.8p (2007: 37.8p) respectively.

The Chairman of The Weir Group, Lord Smith of Kelvin, commented: "2008 proved to be the best operating year in Weir's history.

Profit before tax from continuing operations rose by 53% to £176.2m and we also saw significant increases in input, revenue and earnings per share when compared to 2007. Our achievements during the year include a realigned portfolio of businesses, improved operational performance and the addition of several high quality businesses to the Group.

While we enter 2009 with a significantly stronger forward order book than at the same point last year, we are not immune from the broader economic environment and expect capital spending deferrals and lower activity levels to feature in many of the Group's end markets.

We are taking actions to prepare the business for the short term but with an eye on the longer term, while remaining focused on operational efficiencies, cash generation and lowering our costs."

Growth in current year input and order book on a like for like basis, combined with good operational performance and the benefits from positive foreign currency translation effects, has provided a strong start to 2009. We are, however, unable to predict with any certainty the market conditions which will prevail in the latter part of the year. The Group has considered a range of downturn scenarios which, subject to more definitive market data, would tend to support the current range³ of 2009 market expectations for profit before tax, intangibles amortisation and exceptional items.

³ The current Reuters range of analysts' forecasts updated subsequent to 13 October 2008 for profit before tax, intangibles amortisation and exceptional items is £140m - £169m.

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GENERAL OVERVIEW

The Chief Executive, Mark Selway, reported: "2008 has demonstrated the strength of the Weir Group's strategy, clearly reflecting our growing market presence, long cycle sector focus and the benefits of our new acquisitions. In the year we delivered excellent revenue and operating profit, while substantially adding to the future prospects for the Group."

2008 proved to be the best operating year in Weir's history and the results reinforce our belief that we remain on the right path to sustainable long term value creation. The Group's 2008 input increased 30% to £1.4 billion with all three divisions enjoying positive market conditions for the majority of the year and first time contributions from the Group's acquisitions.

Annual revenue for 2008 increased by 34% to £1.4 billion (2007: £1.0 billion) with each division achieving improved margin performance and turning in double digit top line and profit growth. Excluding intangibles amortisation and exceptional items, the Group posted operating profit of £185.0m up 58% on the prior year (2007: £116.9m) and delivering an earnings per share increase of 49% to 59.3p (2007: 39.7p). The Group generated £61m of free cash flow (2007: £38m) before acquisitions and disposals and returned nearly 22.2% on capital invested.

FINANCIAL HIGHLIGHTS

2008 order input at £1,439m was 30% above the prior year period (2007: £1,110m) reflecting like for like growth of 22%, a full year contribution from SPM and first time contributions from Warman, Mesa and Standard Oilfield Services (SOS), all acquired during the year. Each of our core businesses delivered good growth. Minerals order input grew 23% to £805m (2007: £656m) including a £45m contribution from Warman, Oil & Gas order input grew 62% to £289m (2007: £179m) including a £142m contribution from SPM and other acquisitions (2007: £59m) while Power & Industrial input grew 29% to £271m (2007: £211m).

Revenues from continuing operations increased 34% to £1,354m (2007: £1,009m) with like for like growth on a constant currency basis of 17% adding significantly to a £79m currency translation benefit in the year. In constant currency terms, Minerals revenues grew 30% to £742m (2007: £570m) and included a first time contribution of £45m from Warman. Oil & Gas revenues were up 40% to £280m (2007: £200m) and included £157m from its acquisitions while Power & Industrial delivered organic growth of 11% to £223m (2007: £201m).

Operating profit before intangibles amortisation increased 58% to £185.0m (2007: £116.9m) reflecting strong operational leverage across all divisions, a positive net currency translation benefit of £12.8m and with one-off charges of £7.8m in the year. Minerals operating profit grew 39% to £114.5m (2007: £82.3m) and included a first time contribution of £7.4m from Warman. Oil & Gas operating profit at £61.0m (2007: £37.6m) was up 62% and included £40.4m from its recent acquisitions while Power & Industrial increased its operating profit by 34% to £18.0m (2007: £13.4m). The profit contribution from Group companies was £2.0m (2007: £5.2m) and includes the trading results and a net loss of £2.6m on the disposal of the Canadian distribution business and Weir Materials & Foundries during the year.

Net finance costs were £10.6m (2007: £5.1m) after recognising a £5.4m interest rate benefit from the Group's US dollar balance sheet hedging programme. Other pension income was £1.8m (2007: £3.2m).

Profit before tax and intangibles amortisation increased 53% to £176.2m (2007: £115.0m). Reported profit before tax was up 46% to £159.5m (2007: £109.0m) reflecting the impact of intangibles amortisation and impairment of £16.7m (2007: £6.0m). Profit after tax including discontinued operations was £170.8m (2007: £175.0m) and included a gain on the sale of Strachan & Henshaw of £55.1m which is classified as a discontinued operation in these results. Profit after tax of £1.1m was recognised for operations now sold for the period prior to their disposal.

A tax charge of £46.5m (2007: £30.1m) gives an underlying effective rate of 29.2% (2007: 27.6%) on profit before tax from continuing operations.

Earnings per share for continuing operations, before intangibles amortisation were 49% higher at 59.3p (2007: 39.7p). Basic earnings per share for total operations fell to 81.4p from 83.8p last year reflecting the impact of discontinued operations.

Cash generated from continuing operations increased to £214.4m (2007: £143.5m). A net working capital outflow of £9.0m was required to support business growth, however a reduction in like for like net working capital to revenue ratio from 13.8% to 12.5% reflected the continued benefit of the Group's working capital initiatives. Net capital expenditure was £52.1m (2007: £39.0m) reflecting continued investment across the Group. Net proceeds from disposals of £80.6m were more than offset by the combined net costs of £140.9m for the acquisitions of Warman, Mesa and SOS. After taking account of an adverse foreign currency translation effect of £63.5m, net debt at year end was £239.9m compared to £171.3m at 28 December 2007 representing a net debt / EBITDA ratio of 1.1 times (2007: 1.3 times). The Group's funding position remains robust with £625m of revolving credit facilities, expiring 2011, signed in the year which provides substantial financial headroom over an extended period.

The Group's exposure to its pension plans was also reduced by the purchase in April 2008 of a second insurance policy from Legal & General Assurance Society with respect to deferred members of the main UK scheme who will retire within 10 years. A special contribution of £5m was paid to the scheme to facilitate the transaction and a charge of £2.4m was booked to wind up the Canadian defined benefit plan. The net Group deficit for retirement benefit obligations at the year end was £14.7m (2007: £36.9m surplus).

Net assets at 26 December 2008 were £707.8m (2007: £545.2m) reflecting total recognised income for the year of £195.4m offset by dividends paid of £35.7m. Included in total recognised income for the year is a net exchange gain of £77.1m arising on the translation of foreign operations partly offset by exchange losses on net debt and derivative financial instruments.

DIVIDEND

A final dividend of 13.85p (2007: 12.35p) is declared and will be paid on 1 June 2009 to shareholders on the register on 1 May 2009.

REVIEW OF RESULTS

To assist in meaningful comparisons, the review of continuing results which follows restates comparative 2007 figures at 2008 average exchange rates and excludes the results of Strachan & Henshaw which was disposed of during the year.

Minerals Division

The Minerals Division includes all Group operations with primary sales to the mining, flue gas desulphurisation and oil sands markets. Order input grew 23% to £805m (2007: £656m) with good progress across the Group's major mining markets and particularly strong conditions in the Indo Pacific. Our Minerals Division experienced strong market conditions throughout 2008 and grew its order book substantially quarter on quarter. Original equipment accounted for 52% of the year's input with spares and service making up the balance.

Revenue increased 30% to £742m (2007: £570m) with significant growth in South America, Africa and China combining with contributions from Warman and Multiflo. Operating profit increased 39% to £114.5m (2007: £82.3m) while margins increased to 15.4% compared with 14.4% in 2007.

While all businesses within the Minerals Division performed strongly in 2008, the Netherlands operation deserves special mention due to its significant and continued success in new project work for major pipelines. In 2008, the Netherlands business grew its revenue to £104m against £75m last year.

During the year, there were significant orders for new project capital equipment including the award of a joint bid between the Australian and Netherlands businesses for BHP Billiton's Worsley Alumina project in Western Australia. The expansion will increase production by 30% and is due to come on line in the first half of 2011.

In South America, the Chilean operation continues to develop a commanding position in the mill circuit projects, while the Brazilian business was successful in leveraging the Group's global product portfolio and its market position will be further enhanced by our investment in a new purpose built facility scheduled to come on-stream progressively from 2009.

Ongoing investments in Peru and Venezuela position the division well for future developments in these resource rich regions. Weir has a unique position in the region, being the only company with comprehensive manufacturing plants in Brazil, Chile and Peru.

In March this year, Warman was added to the portfolio of operations and has substantially increased Minerals position in the high growth African market. In the period of ownership, Warman contributed £45m of input, £45m of revenue and £7.4m of operating profit to Minerals 2008 results. The new enlarged business is making excellent progress.

Oil & Gas Division

The Oil & Gas Division includes the Group's upstream and downstream businesses along with the substantial Oil & Gas service operations across the globe. Order input grew 62% to £289m (2007: £179m) with good progress across all of the division's most significant markets and a contribution of £142m from recent acquisitions. 48% of input related to original equipment, 23% to spares and 29% to service activities.

Revenue increased 40% to £280m (2007: £200m) including a contribution of £157m from SPM, Mesa and SOS. Operating profit, including joint ventures, increased 62% to £61.0m (2007: £37.6m) while margins reflected the significant contribution from the division's high margin acquisitions and increased to 21.8% against 18.8% in 2007.

The results for upstream businesses include a full year contribution from Weir SPM, which was acquired in July 2007. The business has been successfully integrated and the Weir Production System is fully implemented, including lean manufacturing, 5S housekeeping standards and improved infrastructure at all of its service centres.

Weir Gabbioneta was selected for the supply of pumps for a renewable diesel production plant in Rotterdam which is expected to contribute to a significant reduction in exhaust emissions and will achieve first production in 2011. In Singapore a similar renewable energy plant is due to be launched at the end of 2010. Using palm oil as its base material, the plant is expected to place Singapore at the centre of biofuel production.

Also in the year, we acquired two smaller businesses to expand the product and geographic positioning of the Oil & Gas Division. Firstly, Mesa, a privately owned pump and flow equipment business in Texas which is aligned to the customers and markets of SPM. The second, the acquisition of a 75% shareholding in SOS, an oil services business in Baku.

Power & Industrial Division

The Power & Industrial Division includes the Group's valve operations, a specialist pump business and substantial service and aftermarket operations in Europe, Middle East, North America, China, India and South Africa.

The Division supplies critical safety valves to the power generation markets where the global network of service operations specialises in the maintenance, upgrade and management of power and industrial assets.

Order input grew 29% to £271m (2007: £211m) with 44% related to original equipment, 10% to spares and 46% to service activities. The Power sector made excellent progress increasing to

£150m against £86m in 2007. Revenue increased 11% to £223m (2007: £201m) with significant growth in the power markets in China, North America and the UK. Operating profit increased 34% to £18.0m (2007: £13.4m) while margins increased to 8.1% against 6.7% in 2007.

During the year the division was awarded new build, upgrade and maintenance work in all of its core markets. The French business secured new nuclear projects in China while the service business was awarded an £11m contract to upgrade a power generation operation in Libya.

In addition, a five year specialist valve service agreement was signed with EDF to cover their fleet of French nuclear reactors, while the UK service operations signed a six year framework agreement with British Energy for servicing of pumps and valves.

Group Companies

Following the sale of Canadian Distribution and Materials & Foundries, Group Companies now comprises Weir LGE which holds a strong position in the design and supply of gas storage systems for the bulk carrier market.

Weir LGE's 2008 input at £44m (2007: £12m) was as a consequence of the award of new ships from its major customer, Hyundai. Revenue increased 13% to £74m (2007: £66m) while operating profit decreased to £4.6m (2007: £5.5m) reflecting the profit taking profile of project work in the prior year.

STRATEGY

With effect from 1 May, the Group reorganised its operating units into three sector focused divisions in the higher growth markets of mining, oil & gas and power & industrials. This reorganisation was undertaken with the objective of extending offerings to customers and further leveraging the extensive geographic footprint of the Group.

In the year, we announced a number of acquisitions and disposals which further aligned our portfolio to our chosen strategic sectors.

In March, we concluded the acquisition of Warman for a consideration of US\$231m. The business significantly enhances the Group's presence in the African mining market and contributed £45m of revenue and £7.4m of operating profits during the period of ownership in 2008.

In April, we announced the disposal of Strachan & Henshaw, the defence and nuclear business, to Babcock International for a total consideration of £63.7m. An exceptional gain of £55.1m resulted from this disposal.

In June, we announced the acquisition of Mesa, a privately-owned Texas based supplier of pumps and flow equipment to the upstream Oil & Gas industry for a consideration of US\$40m and in July, we acquired 75% of SOS in Baku for a consideration of US\$16m. These businesses extend the Group's geographic presence and portfolio of products in the Oil & Gas sector.

In the second half of the year the Group disposed of the Canadian Distribution and the Materials & Foundries operations for a combined cash consideration of £20m. A net loss on disposal of £2.6m is included in these results.

The Group continues to invest both in organic development and extending our presence in higher growth markets. The current economic environment, however, requires increased diligence in the Group's corporate activities and a continued disciplined approach to future growth.

PROSPECTS

While the Group enters 2009 with a significantly stronger forward order book than at the same point last year, we are not immune from the broader economic environment and expect capital spending deferrals and lower activity levels to feature in many of the Group's end markets. We are taking actions to prepare the business for the short term but with an eye on the longer term while remaining focused on operational efficiencies, cash generation and lowering our costs.

The outlook for Minerals will be impacted by the general market slowdown. The year commenced with a much improved order book but we are starting to see a general reduction in activity levels as inventories realign to demand.

We expect new capital spend to decrease and that this will be reflected in reduced input in the first half of the year. In the second half, a corresponding decline in original equipment revenue is anticipated which will continue into 2010. Divisional profitability will be principally driven by the volume of spares and service and our ability to offset reducing overhead recovery from lower volumes of original equipment manufacture.

In Oil & Gas, we have already responded to a lower level of activity in our upstream business. Assuming economic conditions remain consistent with the early part of the year, we would expect 2009 revenue to be as much as 30% below the second half 2008 run rate.

Our downstream business has sufficient original equipment order coverage to support its volume needs through a large part of 2009 and we are yet to experience any slowing of spares volume.

The outlook for Power & Industrial remains broadly positive with a global need for infrastructure spend supporting a strong medium term outlook. In 2009, funding availability is expected to delay some new build activities but with a corresponding increase in upgrade and maintenance work.

Growth in current year input and order book on a like for like basis, combined with good operational performance and the benefits from positive foreign currency translation effects, have provided a strong start to 2009. We are, however, unable to predict with any certainty the market conditions which will prevail in the latter part of the year. The Group has considered a range of downturn scenarios which, subject to more definitive market data, would tend to support the current range³ of 2009 market expectations for profit before tax, intangibles amortisation and exceptional items.

³ The current Reuters range of analysts' forecasts updated subsequent to 13 October 2008 for profit before tax, intangibles amortisation and exceptional items is £140m - £169m.

AUDITED RESULTS

Consolidated Income Statement

for the 52 weeks ended 26 December 2008

	Notes	52 weeks ended 26 December 2008			52 weeks ended 28 December 2007		
		Before exceptional items & intangibles amortisation £m	Exceptional items & intangibles amortisation (note 3) £m	Total £m	Before exceptional items & intangibles amortisation £m	Exceptional items & intangibles amortisation (note 3) £m	Total £m
Continuing operations							
Revenue	2	1,353.6	-	1,353.6	1,008.8	-	1,008.8
Continuing operations							
Operating profit		180.6	(16.7)	163.9	113.5	(6.0)	107.5
Share of results of joint ventures		4.4	-	4.4	3.4	-	3.4
Operating profit		185.0	(16.7)	168.3	116.9	(6.0)	110.9
Finance costs		(17.2)	-	(17.2)	(12.7)	-	(12.7)
Finance income		6.6	-	6.6	7.6	-	7.6
Other finance income - retirement benefits		1.8	-	1.8	3.2	-	3.2
Profit before tax from continuing operations		176.2	(16.7)	159.5	115.0	(6.0)	109.0
Tax expense	4	(51.8)	5.3	(46.5)	(32.1)	2.0	(30.1)
Profit for the period from continuing operations		124.4	(11.4)	113.0	82.9	(4.0)	78.9
Profit for the period from discontinued operations	5	2.8	55.0	57.8	15.3	80.8	96.1
Profit for the period		127.2	43.6	170.8	98.2	76.8	175.0
Attributable to							
Equity holders of the Company		127.2	43.6	170.8	98.1	76.8	174.9
Minority interests		-	-	-	0.1	-	0.1
		127.2	43.6	170.8	98.2	76.8	175.0
Earnings per share							
	6						
Basic - total operations				81.4p			83.8p
Basic - continuing operations		59.3p		53.8p	39.7p		37.8p
Diluted - total operations				80.9p			82.9p
Diluted - continuing operations		59.0p		53.6p	39.3p		37.4p

Consolidated Balance Sheet

at 26 December 2008

	Note	26 December 2008 £m	28 December 2007 £m
ASSETS			
Non-current assets			
Property, plant & equipment		189.6	136.3
Investment property		4.5	4.8
Intangible assets		791.8	503.2
Investments in joint ventures & associate		10.3	7.2
Deferred tax assets		16.5	3.1
Retirement benefit plan surpluses		3.9	45.5
Derivative financial instruments		8.1	1.2
Total non-current assets		1,024.7	701.3
Current assets			
Inventories		269.6	173.5
Trade & other receivables		309.2	255.2
Construction contracts		30.6	32.8
Derivative financial instruments		47.5	10.6
Income tax receivable		1.3	1.8
Cash & short-term deposits		74.1	54.2
Total current assets		732.3	528.1
Total assets		1,757.0	1,229.4
LIABILITIES			
Current liabilities			
Interest-bearing loans & borrowings		71.4	8.5
Trade & other payables		353.6	257.8
Construction contracts		46.7	55.9
Derivative financial instruments		90.6	11.8
Income tax payable		25.7	20.8
Provisions		30.5	22.8
Total current liabilities		618.5	377.6
Non-current liabilities			
Interest-bearing loans & borrowings		242.6	217.0
Derivative financial instruments		70.1	5.1
Provisions		36.4	22.6
Deferred tax liabilities		63.0	53.3
Retirement benefit plan deficits		18.6	8.6
Total non-current liabilities		430.7	306.6
Total liabilities		1,049.2	684.2
NET ASSETS		707.8	545.2
CAPITAL & RESERVES			
Share capital	9	26.6	26.5
Share premium	9	38.0	37.7
Treasury shares	9	(7.9)	(9.3)
Capital redemption reserve		0.5	0.5
Foreign currency translation reserve		76.9	0.2
Hedge accounting reserve		(8.3)	3.5
Retained earnings		581.8	485.6
Shareholders equity	9	707.6	544.7
Minority interest	9	0.2	0.5
TOTAL EQUITY	9	707.8	545.2

Consolidated Cash Flow Statement

for the 52 weeks ended 26 December 2008

	Note	52 weeks ended 26 December 2008 £m	52 weeks ended 28 December 2007 £m
Continuing operations			
Cash flows from operating activities			
Cash generated from operations	10	214.4	143.5
Additional pension contributions paid		(6.5)	(6.5)
Fundamental restructuring costs paid		-	(0.4)
Income tax paid		(49.0)	(32.3)
Net cash generated from operating activities		158.9	104.3
Continuing operations			
Cash flows from investing activities			
Acquisitions of subsidiaries		(140.9)	(317.8)
Disposals of subsidiaries & associate		80.6	127.3
Purchases of property, plant & equipment & intangible assets		(53.3)	(42.2)
Other proceeds from sale of property, plant & equipment & intangible assets		1.2	3.2
Interest received		6.2	7.5
Dividend received from discontinued associate		-	2.5
Other dividends received		3.5	3.7
Net cash used in investing activities		(102.7)	(215.8)
Continuing operations			
Cash flows from financing activities			
Proceeds from issue of ordinary shares		0.4	2.4
Proceeds from borrowings		244.9	124.3
Repayments of borrowings		(238.7)	(73.7)
Settlement of derivative financial instruments		(4.2)	0.7
Interest paid		(16.3)	(12.6)
Dividends paid to equity holders of the Company		(35.7)	(31.1)
Net cash (used in) generated from financing activities		(49.6)	10.0
Net increase (decrease) in cash & cash equivalents from continuing operations		6.6	(101.5)
Net (decrease) increase in cash & cash equivalents from discontinued operations - operating activities		(2.2)	8.2
Net decrease in cash & cash equivalents from discontinued operations - investing activities		(0.3)	(1.8)
Cash & cash equivalents at beginning of period		46.1	139.1
Foreign currency translation differences		3.4	2.1
Cash & cash equivalents at end of period		53.6	46.1
Cash & cash equivalents comprises the following			
Cash & short-term deposits		74.1	54.2
Bank overdrafts & short-term borrowings		(20.5)	(8.1)
		53.6	46.1
Reconciliation of net increase (decrease) in cash & cash equivalents to movement in net debt			
Net increase (decrease) in cash & cash equivalents from continuing operations		6.6	(101.5)
Net (decrease) increase in cash & cash equivalents from discontinued operations		(2.5)	6.4
Net increase in debt		(6.2)	(50.6)
Change in net debt resulting from cash flows		(2.1)	(145.7)
Lease acquired		(0.6)	(0.2)
Loans acquired		(2.4)	-
Foreign currency translation differences		(63.5)	(18.3)
Change in net debt during the period		(68.6)	(164.2)
Net debt at beginning of period		(171.3)	(7.1)
Net debt at end of period		(239.9)	(171.3)

Consolidated Statement of Recognised Income & Expense

for the 52 weeks ended 26 December 2008

	52 weeks ended 26 December 2008 £m	52 weeks ended 28 December 2007 £m
Income & expense recognised directly in equity		
(Losses) gains taken to equity on cash flow hedges	(11.1)	6.2
Net exchange differences on translation of foreign operations	77.1	3.1
Actuarial (losses) gains on defined benefit plans	(54.9)	29.5
Transfers to the income statement		
On cash flow hedges	(5.5)	(1.9)
On cash flow hedges - discontinued operations	-	(4.3)
Exchange differences on disposal of foreign operations - discontinued operations	(0.4)	-
Tax on items taken directly to or transferred from equity	19.4	(7.0)
Net income recognised directly in equity	24.6	25.6
Profit for the period	170.8	175.0
Total recognised income & expense for the period	195.4	200.6
Attributable to		
Equity holders of the Company	195.4	200.5
Minority interests	-	0.1
	195.4	200.6

Notes to the Financial Statements

1. Basis of preparation

The preliminary results for the 52 weeks ended 26 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of The Companies Act 1985. The accounting policies applied in preparing these preliminary results are unchanged from those set out in the Group's 2007 Annual Report.

In order to provide the users of the financial statements with a more relevant presentation of the Group's underlying performance, profit for each financial year has been analysed between

- i) profit before exceptional items and intangibles amortisation; and
- ii) the effect of exceptional items and intangible amortisation.
 - a) Exceptional items are material items of income and expense which, because of the nature and infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of the Group's financial performance for the period and are presented on the face of the income statement to facilitate comparisons with prior periods and assessment of trends in financial performance.
 - b) Intangibles amortisation, including impairment, has been shown separately to provide increased visibility over the impact of increased acquisition activity on intangible assets.

Further analysis of the items included in the column, 'Exceptional items and intangible amortisation', is provided in note 3 to the financial statements.

In addition to the restatements arising from discontinued operations, as disclosed in note 26 of the Group's 2008 Annual Report, certain amounts in the consolidated cash flow statement have been reclassified from prior years. A net amount of £0.7m in relation to gains on derivatives has been reclassified from cash generated from operating activities to cash generated from financing activities.

These preliminary results for the 52 weeks ended 26 December 2008 do not constitute statutory accounts as defined in Section 240 of The Companies Act 1985. They are extracted from the full statutory accounts, which were approved by a Committee of the Board of Directors on 10 March 2009. A copy of those full statutory accounts will be lodged with the Registrar of Companies in due course. The report of the auditors on those financial statements is unqualified and does not contain a statement under Section 237 (2) or Section 237 (3) of The Companies Act 1985 concerning accounting records or failure to obtain necessary information and explanations.

2. Segment information - Continuing Operations

With effect from 1 May 2008, the Group changed its organisation and reporting structure to reflect its increasing focus on the mining, oil and gas and power and industrial markets. For management purposes, the Group has been reorganised into three divisions: Oil & Gas, Minerals and Power & Industrial. These divisions replace the Group's former divisions of Engineering Products, Engineering Services and Defence, Nuclear & Gas and are the basis on which the Group reports its segment information. Group companies principally include the results of Liquid Gas Equipment which supplies equipment to the liquefied petroleum gas marine and onshore markets. Also included within Group companies are the results of the Canadian distribution business and the Materials and Foundries businesses up to the date of disposal on 29 August, 2 and 3 October 2008 respectively. None of the businesses disposed are of sufficient size to meet the definition of a discontinued operation under IFRS5.

The Group's primary reporting format is business segments, as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The Group's secondary format is geographical segments. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Oil & Gas Division manufactures pumps and ancillary equipment and provides aftermarket support for the global upstream and downstream oil and gas markets. The Minerals Division designs and manufactures pumps, hydrocyclones, valves and other complementary equipment with primary sales to the mining, flue gas desulphurisation and oil sands markets. The Power & Industrial Division designs, manufactures and provides aftermarket support for rotating and flow control equipment to the global power generation and industrial sectors.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Group's geographical segments are determined by the location of the Group's assets and operations.

Business segments

The following tables present revenue and profit information on the Group's continuing operations for the 52 weeks ended 26 December 2008 and the 52 weeks ended 28 December 2007. For comparative purposes, sales to external customers and segment result before exceptional items and intangibles amortisation, including acquisitions, for the 52 weeks ended 28 December 2007 have been restated to reflect the divisional reorganisation noted above.

	Oil & Gas		Minerals		Power & Industrial		Total continuing operations	
	2008	2007	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue								
Sales to external customers								
- existing operations	122.5	103.0	697.2	522.8	222.8	190.7	1,042.5	816.5
- acquisitions*	157.4	78.7	45.2	-	-	-	202.6	78.7
Sales to external customers	279.9	181.7	742.4	522.8	222.8	190.7	1,245.1	895.2
Inter-segment sales	0.7	0.2	2.5	1.5	7.4	8.2	10.6	9.9
Segment revenue	280.6	181.9	744.9	524.3	230.2	198.9	1,255.7	905.1
Group companies sales to external customers								
- ongoing operations							74.4	65.8
- other current year disposals*							34.1	47.8
Group companies inter-segment sales							2.6	3.6
Eliminations							(13.2)	(13.5)
							1,353.6	1,008.8
Sales to external customers - at 2008 average exchange rates								
- existing operations	122.5	114.7	697.2	570.1	222.8	201.4	1,042.5	886.2
- acquisitions*	157.4	85.2	45.2	-	-	-	202.6	85.2
Sales to external customers	279.9	199.9	742.4	570.1	222.8	201.4	1,245.1	971.4
Group companies sales to external customers								
- ongoing operations							74.4	65.8
- other current year disposals*							34.1	50.2
							1,353.6	1,087.4
Result								
Segment result before exceptional items & intangibles amortisation								
- existing operations	16.2	11.3	107.1	74.3	18.0	12.5	141.3	98.1
- acquisitions*	40.4	19.1	7.4	-	-	-	47.8	19.1
Intangibles amortisation								
- existing operations	(1.2)	(0.8)	(3.1)	(0.6)	(0.8)	(0.8)	(5.1)	(2.2)
- acquisitions*	(9.6)	(3.7)	(1.9)	-	-	-	(11.5)	(3.7)
	45.8	25.9	109.5	73.7	17.2	11.7	172.5	111.3
Share of results of joint ventures	4.4	3.4	-	-	-	-	4.4	3.4
	50.2	29.3	109.5	73.7	17.2	11.7	176.9	114.7
Group companies*								
- ongoing operations							4.6	5.5
- other current year disposals*							(2.6)	(0.3)
Unallocated expenses*							(10.6)	(9.0)
Operating profit							168.3	110.9
Segment result before exceptional items & intangibles amortisation - at 2008 average exchange rates								
- existing operations	16.2	13.3	107.1	82.3	18.0	13.4	141.3	109.0
- acquisitions*	40.4	20.6	7.4	-	-	-	47.8	20.6
Segment result before exceptional items & intangibles amortisation	56.6	33.9	114.5	82.3	18.0	13.4	189.1	129.6
Share of results of joint ventures	4.4	3.7	-	-	-	-	4.4	3.7
	61.0	37.6	114.5	82.3	18.0	13.4	193.5	133.3
Group companies								
- ongoing operations							4.6	5.5
- other current year disposals*							(2.6)	(0.3)
Unallocated expenses							(10.5)	(8.8)
							185.0	129.7

*Group companies include intangibles amortisation of £nil (2007: £nil). Unallocated expenses include intangibles amortisation of £0.1m (2007: £0.1m). Acquisitions for 2008 include Weir SPM, Weir Warman, Weir Mesa and Weir SOS. Acquisitions for 2007 include Weir SPM. The results of Weir Multiflo are not considered significant for 2007 and 2008. Other current year disposals include the Materials and Foundries businesses and the Canadian distribution business for 2007 and 2008.

3. Exceptional items & intangibles amortisation

	2008	2007
	£m	£m
Recognised in arriving at operating profit from continuing operations		
Intangibles amortisation	(14.4)	(6.0)
Impairment of intangibles	(2.3)	-
	(16.7)	(6.0)
Recognised in arriving at profit for the period from discontinued operations		
Exceptional items (note 5)	55.1	80.9
Intangibles amortisation	(0.1)	(0.1)
	55.0	80.8

4. Income tax expense

	2008	2007
	£m	£m
Group - UK	(12.9)	(6.9)
Group - overseas	(36.4)	(25.4)
Total income tax expense in the consolidated income statement	(49.3)	(32.3)

The total income tax expense is disclosed in the consolidated income statement as follows

Tax expense - continuing operations before exceptional items & intangibles amortisation	(51.8)	(32.1)
- intangibles amortisation	5.3	2.0
- within profit from discontinued operations	(2.8)	(2.2)
Total income tax expense in the consolidated income statement	(49.3)	(32.3)

The total income tax expense included in the Group's share of results of joint ventures & associate is as follows

Joint ventures	(0.8)	(0.6)
Associate (within profit from discontinued operations)	-	(1.4)

5. Discontinued operations

On 21 April 2008, the Group disposed of Weir Strachan & Henshaw for a net cash consideration of £63.7m resulting in a gain on disposal of £55.1m after a tax charge of £2.4m. The net liabilities disposed of amounted to £1.9m and direct disposal costs and provisions amounted to £8.5m. Foreign exchange gains suspended in equity on the retranslation of the overseas operations disposed of, amounting to £0.4m, have been recycled to the income statement as part of the gain on sale in accordance with IAS21.

Profits recognised in respect of prior periods disposals relate to the negotiated settlement of claims connected to prior period disposals.

The results of Weir Strachan & Henshaw, previously included in the former Defence, Nuclear & Gas segment, have been included in the consolidated income statement as discontinued operations for all periods presented. The net gain of £55.1m made on disposal has been recorded as an exceptional item in the consolidated income statement.

The revenue, results and cash flows relating to discontinued operations are as follows

	2008	2007
	£m	£m
Sale of goods	1.4	14.0
Rendering of services	9.7	26.0
Revenue from construction contracts	5.7	33.8
Revenue	16.8	73.8
Cost of sales	(12.9)	(51.3)
Other operating income	-	1.2
Selling & distribution costs	(0.6)	(5.0)
Administrative expenses	(1.8)	(8.5)
Share of results of associate (after tax)	-	3.3
Operating profit	1.5	13.5
Income tax	(0.4)	(1.6)
Profit after tax	1.1	11.9
Profits recognised in respect of prior years disposals (after tax)	1.6	3.3
Profit for the period from discontinued operations *	2.7	15.2
Net gain on current year disposals - exceptional items (before tax)	57.5	81.5
Taxation	(2.4)	(0.6)
Net gain on current year disposals - exceptional items (after tax)	55.1	80.9
Profit for the period from discontinued operations	57.8	96.1

* including intangibles amortisation net of tax of £0.1m (2007: £0.1m).

6. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and other share awards).

The following reflects the profit and share data used in the calculation of earnings per share.

	2008 £m	2007 £m
Basic earnings per share		
Profit attributable to equity holders of the Company		
- Total operations*	170.8	174.9
- Continuing*	113.0	78.8
- Continuing (before exceptional items & intangible amortisation)*	124.4	82.8
Weighted average share capital (number of shares, million)	209.9	208.6
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- Total operations*	170.8	174.9
- Continuing*	113.0	78.8
- Continuing (before exceptional items & intangible amortisation)*	124.4	82.8
Weighted average share capital (number of shares, million)	211.0	210.9

The difference between the weighted average share capital for the purposes of the basic and the diluted earnings per share calculations is analysed as follows

	2008 Shares Million	2007 Shares Million
Weighted average number of ordinary shares for basic earnings per share	209.9	208.6
Effect of dilution: share options	0.1	0.4
LTIP awards	0.6	1.9
conditional share award	0.4	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	211.0	210.9

The profit attributable to equity holders of the Company used in the calculation of both basic and diluted earnings per share on continuing operations before exceptional items and intangibles amortisation is calculated as follows

	2008 £m	2007 £m
Net profit attributable to ordinary shareholders from continuing operations*	113.0	78.8
Exceptional items & intangibles amortisation net of tax	11.4	4.0
Net profit attributable to ordinary shareholders from continuing operations before exceptional items & intangibles amortisation*	124.4	82.8

There have been no share options (2007: 7,200) exercised between the reporting date and the date of signing of these financial statements.

*adjusted for £nil (2007: £0.1m) attributable to minority interests.

7. Dividends paid & proposed

	2008 £m	2007 £m
Declared & paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2007: 12.35p (2006: 10.75p)	25.9	22.4
Interim dividend for 2008: 4.65p (2007: 4.15p)	9.8	8.7
	35.7	31.1
Proposed for approval by shareholders at the annual general meeting		
Final dividend for 2008: 13.85p (2007: 12.35p)	29.1	25.8

The proposed dividend is based on the number of shares in issue, excluding treasury shares held, at the date the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of the report and financial statements and the record date for the final dividend.

8. Business combinations

On 18 March 2008, following receipt of regulatory clearance from the South African competition authorities, the Group acquired 100% of the CH Warman Pump Group ("Weir Warman"), a specialist pump business primarily focused on serving the mining and minerals processing industry throughout Africa. The total cash consideration was £113.8m. On 24 June 2008, the Group acquired 100% of Mesa Manufacturing Inc. ("Weir Mesa"), a privately owned business based in Texas specialising in the manufacture of cementing pumps and other products for the oil and gas drilling and well service industries. The total cash consideration was £23.1m.

On 4 July 2008, the Group acquired 75% of the share capital of Standard Oilfield Services Limited ("Weir SOS"), a privately owned oil equipment services business registered in the Bahamas, based in Baku, Azerbaijan, with an obligation to acquire the remaining 25% over the next three years. The total cash consideration payable is £10.9m, including deferred consideration of £2.7m in relation to the remaining 25%. In accordance with IFRS3, the acquisition has been accounted for on the basis that a 100% interest has been acquired with no minority interest.

The fair values of the identifiable assets and liabilities at the relevant dates of acquisition are as follows

	2008 Carrying values	2008 Recognised on acquisition	2008 Carrying values	2008 Recognised on acquisition	2008 Carrying values	2008 Recognised on acquisition	2008 Recognised on acquisition
	Weir SOS £m	Weir SOS £m	Weir Mesa £m	Weir Mesa £m	Weir Warman £m	Weir Warman £m	Total £m
Property, plant & equipment	1.3	0.9	3.4	2.8	2.0	5.7	9.4
Intangible assets	-	6.0	-	8.2	-	54.8	69.0
Inventories	0.8	0.4	2.6	3.4	13.2	14.1	17.9
Trade & other receivables	1.4	1.4	1.5	1.2	9.4	8.4	11.0
Cash & cash equivalents	0.6	0.6	1.9	1.9	2.3	2.3	4.8
Interest-bearing loans & borrowings	-	-	-	-	(3.0)	(3.0)	(3.0)
Trade & other payables	(0.5)	(0.6)	(0.6)	(0.5)	(4.1)	(5.1)	(6.2)
Provisions	-	-	-	(0.2)	(2.3)	(3.2)	(3.4)
Income tax	-	-	(0.3)	(0.1)	(0.1)	0.2	0.1
Deferred tax	-	(0.6)	-	(3.1)	0.5	(2.7)	(6.4)
Fair value of net assets	3.6	8.1	8.5	13.6	17.9	71.5	93.2
Goodwill arising on acquisition	-	2.8	-	9.5	-	42.3	54.6
Total consideration		10.9		23.1		113.8	147.8
Cash consideration		8.1		22.9		113.4	144.4
Costs associated with the acquisitions		0.1		0.2		0.4	0.7
Deferred consideration		2.7		-		-	2.7
Total consideration		10.9		23.1		113.8	147.8
The cash outflow on acquisition was as follows							
Cash & cash equivalents acquired		0.6		1.9		2.3	4.8
Cash paid		(8.2)		(23.1)		(113.8)	(145.1)
Net cash outflow		(7.6)		(21.2)		(111.5)	(140.3)

On 13 February 2008 the Group acquired the remaining 26% of Weir Engineering Services (India) Limited for a cash consideration of £0.6m.

From the date of the acquisition Weir Warman, Weir Mesa and Weir SOS contributed £4.8m, £0.6m and £1.4m respectively to the 2008 profit for the period from continuing operations of the Group. The combined continuing operations revenue and profit of the Group, assuming that Weir Warman, Weir Mesa and Weir SOS had been acquired at the start of 2008, would have been £1,371.7m and £116.2m respectively.

Included in the £54.6m of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

9. Reconciliation of movements in equity

	Attributable to equity holders of the Company					Minority interest	Total equity
	Share capital	Share premium	Treasury shares	Reserves	Total		
	£m	£m	£m	£m	£m	£m	£m
At 29 December 2006	26.4	35.4	(10.7)	320.4	371.5	0.4	371.9
Total recognised income & expense for the period	-	-	-	200.5	200.5	0.1	200.6
Cost of share-based payments	-	-	-	1.4	1.4	-	1.4
Dividends	-	-	-	(31.1)	(31.1)	-	(31.1)
Exercise of options & LTIP awards	0.1	2.3	1.4	(1.4)	2.4	-	2.4
At 28 December 2007	26.5	37.7	(9.3)	489.8	544.7	0.5	545.2
Total recognised income & expense for the period	-	-	-	195.4	195.4	-	195.4
Acquisition of minority interest	-	-	-	-	-	(0.3)	(0.3)
Cost of share-based payments	-	-	-	2.8	2.8	-	2.8
Dividends	-	-	-	(35.7)	(35.7)	-	(35.7)
Exercise of options & LTIP awards	0.1	0.3	1.4	(1.4)	0.4	-	0.4
At 26 December 2008	26.6	38.0	(7.9)	650.9	707.6	0.2	707.8

10. Cash generated from operations

	2008	2007
	£m	£m
Continuing operations		
Net cash generated from operations		
Operating profit	168.3	110.9
Share of results of joint ventures	(4.4)	(3.4)
Depreciation & amortisation of property, plant & equipment & intangibles	37.2	22.9
Impairment of plant & equipment & intangibles	5.1	-
Gains on disposal of property, plant & equipment & investments	(0.1)	(0.6)
Defined benefit plan curtailment	2.4	-
Funding of pension & post retirement costs	(1.1)	(1.2)
Employee share schemes	2.8	1.4
Net foreign exchange including derivatives	0.3	0.1
Increase in provisions	12.9	6.7
Increase in inventories	(42.8)	(16.1)
Increase in trade & other receivables & construction contracts	(10.1)	(8.3)
Increase in trade & other payables & construction contracts	43.9	31.1
Cash generated from operations	214.4	143.5
Acquisitions of subsidiaries		
Current year acquisitions	(140.9)	(317.7)
Previous year acquisitions deferred consideration paid	-	(0.1)
	(140.9)	(317.8)
Disposals of subsidiaries & associate		
Discontinued operations disposals	60.6	125.2
Other current year disposals	20.4	-
Previous year disposals	(0.4)	2.1
	80.6	127.3

11. Exchange rates

The principal exchange rates applied in the preparation of these financial statements were as follows

	2008	2007
Average rate		
US dollar (per £)	1.85	2.01
Australian dollar (per £)	2.17	2.39
Euro (per £)	1.25	1.46
Canadian dollar (per £)	1.96	2.14
Closing rate		
US dollar (per £)	1.46	2.00
Australian dollar (per £)	2.14	2.27
Euro (per £)	1.04	1.37
Canadian dollar (per £)	1.79	1.96

The Group's operating profit from continuing operations before exceptional items and intangible amortisation was denominated in the following currencies: United States dollar £90.9m (2007: £47.4m), Australian dollar £22.3m (2007: £15.8m), Euro £38.0m (2007: £27.5m), Canadian dollar £14.7m (2007: £7.6m), other £19.1m (2007: £18.6m).